Weekly Economic Review

Earnings growth continues to moderate

Average Weekly Earnings

Down again

Average weekly earnings in Alberta declined by 0.2% in June to $1,150, marking the 5th consecutive monthly decline. For the first time in almost 20 years, year-over-year growth was negative (-0.1%). The goods sector grew by 0.3% in June, but was still down by 1.1% year-over-year (y/y). Monthly gains came from the oil and gas and forestry industries. Earnings in the service sector fell for the first time since March, but were still up 1.5% over last year. Year-to-date, earnings were up by 1.5%.

Canadian average weekly earnings grew by 0.8% in June to $955, also increasing 1.9% over last year. All provinces except Alberta and Newfoundland and Labrador experienced month-over-month growth.

Metres Drilled

Gas drilling back to 2013 levels

The number of metres drilled for oil and gas in Alberta during June remained depressed, down 45% y/y. For the fourth-straight month natural gas drilling was below last year's levels, falling 39% y/y in June. High demand from two years of cold winters in parts of North America spurred drilling in 2014 and the beginning of 2015, and now drilling is sliding back to 2013 levels (Chart 1). Though the number of metres drilled for oil was down 50% y/y, this is less than the nearly 68% decline observed year-to-date.

Rail Carloadings

Loadings down on lower production

There were 155,000 railcars loaded in Western Canada during June 2015, a decrease of 7.1% y/y. Coal loadings continued to trend downward as production fell and exports declined. Crude oil car loadings rebounded from April, but still remain 19% below 2014 levels. Loadings of agriculture and food products remained down year-over-year due to significant shipments in 2014 from a previous bumper crop. Year-to-date car loadings were 1.8% below the same period in 2014.

Farm Product Price Index

Higher prices for farmers

The price Alberta farmers received for their products in June was 17% higher than a year earlier. Crop prices were up 8.3% y/y, with the strongest gains in grains and specialty crops. Livestock prices were up 21% y/y as strong global demand and tight supplies continued to put upwards pressure on cattle prices. Hog prices were down 21% y/y. This was mainly because high hog prices in 2014 from low supply due to disease decimating hog inventories.

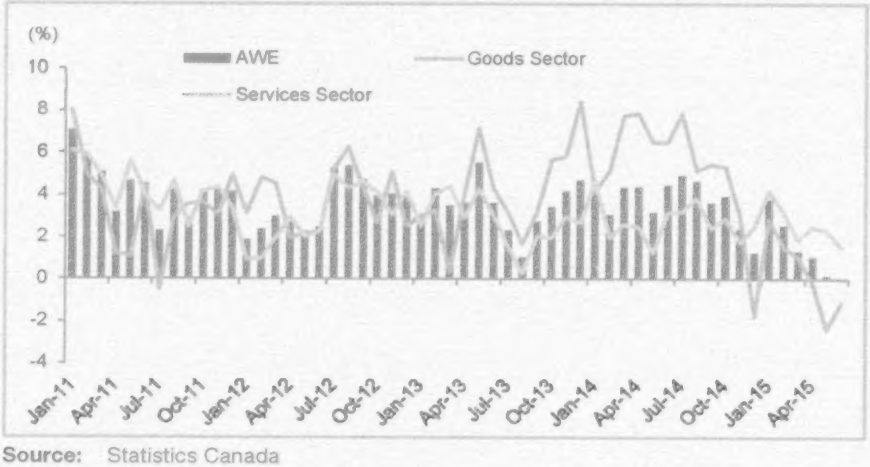
Financial Markets

Chinese slowdown sparks selloff

Global stock markets crashed after the release of weakening Chinese manufacturing data on Monday. The crash erased year-to-date gains for a slew of global stock exchanges. It also caused WTI to drop below $40 US/bbl for the first time in 6 years. Oil prices have since rebounded, as WTI saw the biggest one-day bounce since 2009 on Thursday, closing at $42.56 US/bbl. Equity markets have also recovered, regaining some of the losses incurred over the previous week.

Chart 1: Alberta average weekly earnings growth falls year-over-year

Year-over-year growth in Alberta average weekly earnings



Source: Statistics Canada

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Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.